

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 726 - HB 1349**

March 30, 2011

**SUMMARY OF BILL:** Authorizes students of parents who are employed at least 25 hours per week as an educational assistant, nurse, school or system secretary, custodian, food services employee, or in some other capacity as school support staff to receive a 25 percent tuition discount at any state-operated institution of higher education.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$3,477,100/FY11-12  
\$3,719,300/FY12-13  
Exceeds \$3,719,300/FY13-14 and Subsequent Years**

**Assumptions:**

- Lost revenues to higher education institutions will be replaced with state funds rather than higher tuition and fees.
- THEC estimates that 32,000 school support staff will be eligible for this program.
- There are approximately 70,000 active certified public school teachers. According to the Tennessee Board of Regents, 7,549 discounts were given to dependents of these teachers in FY09-10. This is one discount for every 9.3 teachers.
- Applying the discount ratio for teachers, TBR estimates that 3,441 (32,000/9.3) new students will receive tuition waivers at TBR schools each year.
- TBR assumes a seven percent average increase in the tuition discount each year. The tuition waiver at TBR schools for FY09-10 was \$509. With seven percent growth, the FY10-11 tuition waiver is \$545. In FY11-12, it will be \$583 and will be \$624 in FY12-13.
- The increase in state expenditures for TBR in FY11-12 will be \$2,006,103 (\$583 x 3,441).
- The increase in state expenditures for TBR in FY12-13 will be \$2,147,184 (\$624 x 3,441).
- According to the University of Tennessee (UT), 4,019 tuition discounts were given to dependents of active teachers (70,000) in FY09-10. This is one discount for every 17.4 teachers.
- Applying the discount ratio for teachers, 1,839 (32,000/17.4) new students will receive the tuition discount at UT schools each year.

- According UT, the average tuition discount in FY09-10 was \$673 and grew 9 percent in FY10-11 to \$734. Assume an average increase of seven percent. The tuition discount will be \$785 in FY11-12 and will be \$840 in FY12-13.
- UT will hire one new clerical position to process additional paperwork for the students, at a cost of \$27,395 with salary (\$21,215) and benefits (\$6,180).
- The increase in state expenditures for UT in FY11-12 will be \$1,471,010  $[(\$785 \times 1,839) + \$27,395]$ .
- The increase in state expenditures for UT in FY12-13 will be \$1,572,155  $[(\$840 \times 1,839) + \$27,395]$ .
- Total increase in state expenditures in FY11-12 will be \$3,477,113 (\$2,006,103 TBR + \$1,471,010 UT).
- Total increase in state expenditures in FY12-13 will be \$3,719,339 (\$2,147,184 TBR + \$1,572,155 UT).
- The average tuition discount will grow approximately seven percent each year, resulting in an increase in state expenditures exceeding \$3,719,339 in FY13-14 and subsequent years.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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